Non-Implementation of 10th Finance Commission recommendations

529. SHRI GURUDAS DAS GUPTA:
SHRI J. CHITHARANJAN:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the 10th Finance Commission's recommendations on the devolutions of States share of revenues from Central income tax and excise duties is not being implemented yet; and

(b) if so, the details in this regard and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) and (b) The Government has approved in principle the Alternative Scheme of devolution of Central Taxes recommended by the Tenth Finance Commission subject to certain modifications. Under the approved scheme, a prescribed percentage of the net proceeds of almost all Central Taxes (excluding Stamp Duty, Excise Duty on medicinal/toilet items, Central Sales Tax, Consignment tax and Surcharge) will be assigned to the States in lieu of existing share in Income tax and Basic/Special Excise Duties, Additional Excise Duties in lieu of Sales Tax on tobacco, cotton and sugar and Grants in lieu of Tax on Railway passenger fares. This will be effective from 1st April, 1996 to 31st March, 2000. The percentage share of net proceeds during 1996-97 to 1999-2000 will be such that the States' share is 29% of the gross proceeds. The percentage share of States is to be reviewed by successive Finance Commissions instead of freezing it for fifteen years as suggested by the Tenth Finance Commission.

Cut in Interest Rates on Small Savings

530. SHRI C.M. IBRAHIM: Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to cut the interest on small savings, including those on post office savings, National Savings Certificates, Kisan Vikas Patra and other Government savings schemes; if so, the details in this regard;

(b) the reasons therefor, and which sections of society are to be adversely affected thereby;

(c) what is its impact on Bank-rates; and

(d) whether the over-all savings regime adversely affects the common man while benefiting the trade and industry by way of lower lending rates?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI V. DHANANJAYA KUMAR): (a) Yes, Sir. The interest rates on certain small savings schemes and Public Provident Fund have been reduced w.e.f. 15.1.2000 as indicated in the statement. (*see* below)

(b) and (d) (i) The marginal reduction in the interest rates on various small savings schemes and Public Provident Fund was necessitated in the larger interest of the economy so as to align these rates with the overall interest rate structure in the country.

(ii) It is expected that this reduction will enable a lower interest rate regime. Subscribers to the small savings schemes will continue to benefit from the relative advantage of these schemes by way of assured return, attractive tax concessions and easy accessibility.

(c) The rates on deposits of public sector banks have been deregulated and are determined by conditions prevalent in the economy.

Statement

The Small Savings Schemes in Force, Rates of Interest and Tax benefits available there on

	Name of the Scheme	Interest rate %/Maturity Value		
		w.e.f. 1.1.99	w.e.f. 15.1.2000	
1.	@Post Office Savings Account	4.50	No change	Simple (individual account)
2.	*Post Office Recurring Deposit (5 Years) Maturity value for Rs. 10 denomination	Rs. 811.15	Rs. 789.60	
3.	*Post Office Monthly Income Scheme (6 Years)	12.00	11.00	Payable monthly plus bonus at 10% of deposits at the end of six years
4.	*Post Office Time Deposit Schemes			
	(a) 1 Year Deposit	9.00	8.00	Compounded quarterly and payable annually
	(b) 2 Year Deposit	10.00	9.00	-do-
	(c) 3 Year Deposit	11.00	10.00	-do-
	(d) 5 Year Deposit	11.50	10.50	-do-
5.	**National Savings Certificate VIIIth Issue (6-Years) Maturity Value for Rs. 100 denomination	Rs. 195.60	Rs. 190.12	
6.	**National Savings Scheme 1992 (4-Years)	11.00	10.50	Payable annually
7.	Kisan Vikas Patra Maturity value for Rs. 100 denomination	Rs. 200 In 6 years	Rs. 200 In 6½ Years	
8.	@Public Provident Fund Scheme (15-Years)	12.00	11.00	

1	2	3	4	5
9.	@Deposit Scheme for Retiring Govt. Employees (3-Years)	9.00	No change	Payable half-yearly
10.	@Deposit Scheme for Retiring Employees of Public Sector Undertakings (3 - Years)	9.00	No change	Payable half-yearly

Legends:
*Benefit under section 80L (of Income Tax Act) available.
**Benefit under Section 88 & 80L (of Income Tax Act) available.
@Interest completely tax free.
In case of PPF benefit under Section 88 (of Income Tax Act) is also available.

Defaulters of Public Sector Banks

531. SHRI C.M. IBRAHIM:
SHRI SUKHDEV SINGH LIBRA:

Will the Minister of FINANCE be pleased to state:

(a) whether as reported in the Observer dated January 11, 2000, a handful of top corporates, stock brokers, PSUs and co-operatives owed a whopping Rs. 11,000 crore to various Public Sector Banks;

(b) if so, the names and other details of the top twenty-five defaulters of public sector banks and the amount due from them as on Dec. 31, 1999; and

(c) the steps taken to recover the dues?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Reserve Bank of India (RBI) has reported that the data reporting system does not generate the information in the manner asked for.

(b) Under the banking laws in force disclosure of names of borrowers of banks and financial institutions is not permissible except under the circumstances as provided under various status.